



Ninety-Eighth Legislature - Second Session - 2004
Committee Statement
LB 1097

Hearing Date: January 29, 2004

Committee On: Nebraska Retirement Systems

Introducer(s): (Nebraska Retirement Systems Committee)

Title: Change provisions relating to retirement

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

6	Yes	Senators Bourne, Erdman, Price, Stuhr, Synowiecki, Wehrbein
0	No	
0	Present, not voting	
0	Absent	

Proponents:

Jason Hayes
Joe Schaefer
Anna Sullivan

Representing:

Introducer
Public Employees Retirement Systems
Public Employees Retirement Systems

Opponents:

None

Representing:

Neutral:

None

Representing:

Summary of purpose and/or changes:

Legislative Bill 1097 is a comprehensive technical bill, which contains proposed changes submitted by the Nebraska Public Employees Retirement System ('NPERS'). LB 1097 would implement the following statutory modifications:

- Would amend the County Employees and the State Employees Retirement Systems' definitions to clarify definition of eligibility and vesting credit for participation.
 - Would clarify that both the state and counties have a sixty (60) day period to enroll qualified employees in both the County Employees and the State Employees Retirement Systems.
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- Would specify that re-employed members of both the County Employees and the State Employees Retirement Systems who elect to repay termination benefits will have to repay the actual earnings on the value of those benefits, rather than just being given the “option” to repay.
- Would add language to correctly describe the joint and survivor benefit available to a surviving spouse, when a plan member dies before retiring, under both the County Employees and the State Employees Retirement Systems.
- Would clarify the current procedures used by NPERS in calculating a cost-of-living adjustment (‘COLA’) benefit increase for the Judges’ Retirement System, the School Employees Retirement System, and the State Patrol Retirement System.
- Would make changes so that if a plan member in the School Employees Retirement System repays withdrawn contributions more than three (3) years after a withdrawal, the assumed rate of return would have to be repaid rather than the current actual rate.
- Would move monies currently in the Retired Teachers Supplemental Benefits Fund and would transfer it into the School Retirement Fund to conform with prior statutory changes.
- Would permit a waiver, under the School Employees Retirement System, for a doctor’s examination in certain situations where there is a medical disability involving hospice treatment and a terminal illness.
- Would remove language that was not repealed under previous cleanup legislation.
- Would change the leave-with-pay provisions for both state and county plan members, who are under fifty years-of-age and attend a retirement seminar provided by NPERS. Would permit that such seminars may be provided on a partial day basis, spread over a number of days, rather than only during a full workday.

Section by Section Summary of Bill:

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| Section 1 | Would amend the County Employees Retirement System definition of compensation to clarify definition of eligibility and vesting credit for participation in “another” Nebraska government plan. (Similar to section 12). |
| Section 2 | Would clarify that counties have a sixty (60) day period to enroll qualified employees in the County Employees Retirement System. This section addresses a concern of the State Auditor. (Similar to section 13). |
| Section 3 | Would specify that re-employed members of the County Employees Retirement System who elect to repay termination benefits will have to repay the actual earnings on the value of those benefits, rather than just being given the option to repay. (Similar to section 14). |

- Section 4 Would add “100 percent” language to correctly describe the joint and survivor benefit available to a surviving spouse, when a plan member dies before retiring, under the County Employees Retirement System. (Similar to section 15).
- Section 5 Would clarify the current procedures used by NPERS in calculating a cost-of-living adjustment (‘COLA’) benefit increase for the Judges’ Retirement System. (Similar to sections 9 and 11).
- Section 6 Would make changes so that if a plan member in the School Employees Retirement System repays withdrawn contributions more than three (3) years after a withdrawal, the 8% assumed rate of return would have to be repaid rather than the current actual rate.
- Sections 7 Would move monies currently in the Retired Teachers Supplemental Benefits Fund and would transfer it into the School Retirement Fund to conform with prior statutory changes. Fund was missed when other funds were previously rolled in. This section harmonizes with section 8 below.
- Sections 8 Would move monies currently in the Retired Teachers Supplemental Benefits Fund and would transfer it into the School Retirement Fund to conform with prior statutory changes. Fund was previously missed when other funds were rolled in. This section harmonizes with section 7 above.
- Section 9 Would clarify the current procedures used by NPERS in calculating a cost-of-living adjustment (‘COLA’) benefit increase for the School Employees Retirement System. (Similar to sections 5 and 11).
- Section 10 Would permit a waiver, under the School Employees Retirement System, for a doctor’s examination in certain situations where there is a medical disability involving hospice treatment and a terminal illness.
- Section 11 Would clarify the current procedures used by NPERS in calculating a cost-of-living adjustment (‘COLA’) benefit increase for the State Patrol Retirement System. (Similar to sections 5 and 9).
- Section 12 Would amend the State Employees Retirement System’s definition of compensation to clarify definition of eligibility and vesting credit for participation in “another” Nebraska government plan. (Similar to sec. 1).
- Section 13 Would clarify that the state has a sixty (60) day period to enroll qualified employees in the State Employees Retirement System. This section addresses a concern of the State Auditor. (Similar to section 2).
- Section 14 Would specify that re-employed members of the State Employees Retirement System who elect to repay termination benefits will have to repay the actual earnings on the value of those benefits, rather than just being given the “option” to repay. (Similar to section 3).

- Section 15 Would add “100 percent” language to correctly describe the joint and survivor benefit available to a surviving spouse, when a plan member dies before retiring, under the State Employees Retirement System. (Similar to section 4).
- Section 16 Would remove language that was not repealed under previous cleanup legislation. This provision will be the same as the county provision found in Neb. Rev. Stat. §23-2323.01.
- Section 17 Would change the leave-with-pay provisions for both state and county plan members, who are under fifty years-of-age and attend a retirement seminar provided by NPERS. Would allow such seminars to be provided on a partial day basis, spread over a number of days, rather than only during a full workday.
- Section 18 Operative date of Act would be July 1, 2004.
- Section 19 Original language is repealed.
- Section 20 Emergency clause.

Explanation of amendments, if any:

The committee amendment (AM 2868) would amend LB 1097 by adding language found in the following retirement related bills (with amendments, if any) as each bill was passed out of committee by the Nebraska Retirement Systems Committee:

- **LB 960** Change Public Employees Retirement Board membership.
(As amended by AM 2817).
- **LB 961** Change the manner of mailing a school employee retirement statement.
- **LB 1013** Change firefighter retirement provisions for first class cities.
(As amended by AM 2861).
- **LB 1030** Change invest options for state and county employee retirement.
- **LB 1098** Change provisions relating to death benefits for the State Patrol.
- **LB 1132** Change school employee retirement provisions regarding the state service annuity fund for the Class V Retirement System.
(As amended by AM 2447).

In addition, the committee amendment (AM 2868) would amend original sections 1 and 12 of LB 1097, so as to leave unchanged the definition of compensation with regard to unused sick leave and vacation leave under both the State and County Employees Retirement Systems’ definitions of compensation. This amendment would maintain the existing definitions of compensation as the provisions concern the treatment of unused sick leave and vacation leave currently found in state law.

Section by Section Summary of Committee Amendment, AM 2868:

- Part 1 Strikes original sections 18 and 19 of LB 1097.
- Section 1 Permits firefighters of first class cities, employed after January 1, 1984, to make investment decisions regarding the funds held in their employer retirement accounts. Also, gives retirement boards of first class cities the discretion to determine the ability of firefighters to make investment decisions on funds held in their employer account, for firefighters who were employed on January 1, 1984. **(LB 1013)**
- Section 4 Makes the employer account investment options the same as the employee account investment options for the County Employees Retirement System. Specifies that if a County member fails to select an investment option for the employer account, such funds will placed in the balanced account option fund. (Similar to AM section 8). **(LB 1030)**
- Section 8 Would change the mailing requirement for statements of retirement information sent to plan members of the School Employees Retirement System, and would change the current requirement from a certified mail requirement sent every two years, to a first-class mail requirement sent every two years. **(LB 961)**
- Section 9 Would require that the actuarial accrued liability, paid upon the retirement of a plan member in the Class V Retirement System, would be transferred to the Service Annuity Fund, created by this section. Also, would require the Class V Retirement System to provide retirement data to NPERS. **(LB 1132)**
- Section 15 Would require that any future accrued liability will be transferred each year to the Service Annuity Fund. **(LB 1132)**
- Section 16 Would change the State Patrol death benefit when there are surviving dependent children, and would distribute 66.6% to the surviving spouse and distribute 33.3% between the surviving dependent children. Also would clean up existing death benefit language in the State Patrol Employees Retirement Act. **(LB 1098)**
- Section 20 Makes the employer account investment options the same as the employee account investment options for the State Employees Retirement System. Specifies that if a State member fails to select an investment option for the employer account, such funds will placed in the balanced account option fund. (Similar to AM section 4). **(LB 1030)**
- Section 24 Would change the Public Employees Retirement Board makeup and would allow for eight voting board member positions, designated as follows: 2 public members; 1 judge participant member who is either retired or active; 1 state patrol participant member who is either retired or active; 1 county employee participant member; 1 state employee participant member; and 2 school employee participants (one who is an active teacher, and one who is an active administrator). **(LB 960)**

- Section 26 Operative date would be July 1, 2004 for specific sections listed.
- Section 27 Original language is repealed for specific sections listed.
- Section 28 Original language is repealed for specific sections listed.
- Section 29 Original language is repealed for specific sections listed.
- Part 2 Would amend original sections 1 and 12 of LB 1097, so as to leave unchanged the definition of compensation with regard to unused sick leave and vacation leave under both the State and County Employees Retirement Systems' definitions of compensation.
- Part 3 Would clarify definitions of eligibility and vesting credit for participation in "another" Nebraska government plan.
- Part 4 Renumbers remaining sections accordingly.

Summary of the Retirement Bills Consolidated within LB 1097:

- LB 960** As amended by AM 2817. Would expand the number of voting Public Employees Retirement Board members from seven to eight members. Such an increase in Board membership would allow an additional participant member from the State Patrol Employees' Retirement System and an additional participant member from the School Employees Retirement System.
- LB 961** Would change the mailing requirement for statements of retirement information sent by the Nebraska Public Employees Retirement System to plan members of the School Employees Retirement System. Would change the current requirement from a certified mail requirement sent every two years, to a first-class mail requirement sent every two years.
- LB 1013** As amended by AM 2861. Would permit firefighters employed by first class cities after January 1, 1984, to make investment decisions regarding the funds held in their employer retirement accounts. Also, gives retirement boards of first class cities the discretion to determine the ability of firefighters to make investment decisions on funds held in their employer account, for firefighters who were employed on January 1, 1984. Firefighters employed on January 1, 1984 are in a hybrid type of defined benefit retirement plan, and firefighters employed after January 1, 1984 are in a defined contribution retirement plan.
- LB 1030** Would establish additional investment options for employer matching contributions under both the County Employees Retirement System ('County Plan') and the State Employees Retirement System ('State Plan') for non-cash balance participants. These additional investment options would be the same as

the investment options currently available for employee accounts under both the County Plan and the State Plan.

LB 1098 Would change provisions relating to death benefits for members participating in the State Patrol Employees Retirement System. This legislative bill would provide a distribution formula to cover the possibility that a deceased member may have surviving minor children who are not residing in the household of the surviving spouse at the time of death, and would include children from a previous marriage. Would split the death benefit and distribute 66.6% to the surviving spouse and distribute 33.3% between the surviving dependent children. If there are no surviving dependent children then surviving spouse would receive a 75% benefit.

LB 1132 As amended by AM 2447. Would establish the Service Annuity Fund. This legislation requires that the actuarial accrued liability, which is paid upon the retirement of a plan member in the Class V Retirement System, will be transferred to the Service Annuity Fund. This bill requires that any future accrued liability for the Class V portion of the state service annuity will be transferred each year to the Fund.

Senator Elaine Stuhr, Chairperson